



NEWS RELEASE

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FOR IMMEDIATE RELEASE

LEXINGTON, INDEPENDENCE MEN SENTENCED FOR ROLE IN TAX REFUND SCHEME

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Lexington, Mo., man and an Independence, Mo., man were sentenced in federal court today for participating in a conspiracy that involved prison inmates receiving income tax refunds by submitting false returns to the Internal Revenue Service.

Linden James Schuster, 44, of Lexington, Mo., and **Gary Sembler**, 55, of Independence, were sentenced by U.S. District Judge Fernando J. Gaitan, Jr., this morning. **Schuster** was sentenced to two years and six months in federal prison without parole, which the court ordered to run consecutive to his existing state sentence. **Sembler** was sentenced to one year and nine months in federal prison without parole.

On Feb. 8, 2005, **Linden James Schuster**, 44, of Lexington, Mo., pleaded guilty to participating in a conspiracy to defraud the United States by obtaining tax refunds for himself and other inmates between March 2001 and Oct. 31, 2002. **Schuster** also pleaded guilty to two specific occasions in which he filed false income tax returns, as a result of which tax refunds were paid, and one instance in which he prepared a false income tax return and sent it to an individual to submit to the Internal Revenue Service. No refund was paid on that claim.

On Feb. 8, 2005, **Gary Sembler**, 55, of Independence, pleaded guilty on Feb. 8, 2005, to participating in a conspiracy to defraud the United States by obtaining tax refunds for himself and other inmates between March 2001 and Oct. 31, 2002. **Sembler** also admitted that he presented false income tax returns for another individual to the Internal Revenue Service, as a result of which tax refunds were paid.

Several others also have pleaded guilty to their role in this income tax refund scheme.

On April 18, 2005, **Dusty A. McSparran**, 30, of Lee's Summit, Mo., pleaded guilty to

participating in the conspiracy to defraud the United States by obtaining tax refunds for himself and other inmates between March 2001 and Oct. 31, 2002. **McSparran** also pleaded guilty to filing a false income tax return for himself and preparing and submitting a false income tax return for himself to the Internal Revenue Service.

As part of the conspiracy, the co-defendants in this case caused false returns to be filed by 85 participants, Graves said, who received approximately \$29,507 in tax refunds to which they were not entitled. While most participants did not receive refunds, Graves added, 27 participants actually received refunds ranging from \$331 to \$355.

On April 8, 2005, **John V. Frentzel**, 41, of Columbia, Mo., was sentenced to three years and one month in federal prison without parole. On Dec. 17, 2005, **Frentzel** pleaded guilty to participating in the conspiracy to defraud the United States by obtaining tax refunds for himself and other inmates. **Frentzel** also pleaded guilty to 27 separate instances, from Feb. 19, 2000, to April 28, 2001, in which he filed false income tax returns, as a result of which tax refunds were paid. **Frentzel** also pleaded guilty to 28 separate instances from March 30 to April 15, 2002, in which he prepared false income tax returns and sent them to an individual to submit to the Internal Revenue Service. No refunds were paid on those claims.

Frentzel and **Schuster** recruited other inmates at the Moberly Correctional Center to file fraudulent federal income tax returns under their own names and Social Security numbers, charging them \$100 to participate in the scheme. **Schuster** acted as the enforcer to collect the \$100 from inmates participating in the scheme. **Frentzel** prepared false returns for himself and others using Forms 1040 EZ, falsely reporting more than \$4,000 in wages and no withholdings, and claiming that each was entitled to an Earned Income Credit and tax refund.

Frentzel and **Schuster** mailed completed returns from the prison to unincarcerated coconspirators and individuals, who then mailed them to the IRS Service Center in Kansas City, Mo.

Russell D. Kilgore, 42, of Excelsior Springs, Mo., pleaded guilty on Jan. 28, 2005, to his role in the conspiracy. **Kilgore** also pleaded guilty to two specific occasions in which he filed false income tax returns, as a result of which tax refunds were paid, and one instance in which he prepared a false income tax return and sent it to an individual to submit to the Internal Revenue Service. No refund was paid on that claim.

Sembler and **Kilgore**, after being released from incarceration, provided assistance on the outside by allowing the use of their addresses on inmates' returns, mailing completed returns to the IRS, and receiving refund checks for inmates. **Kilgore** also allowed the use of his mother's address in Richmond, Mo., on inmates' returns and to receive refund checks for inmates. **Sembler** also cashed refund checks for inmates.

This case is being prosecuted by Assistant U.S. Attorney Linda Parker Marshall. It was investigated by the Internal Revenue Service.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow